

Message Text

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PAGE 01 STATE 191010

70

ORIGIN TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 EB-07 XMB-02 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /102 R

DRAFTED BY TREAS:S.J.CANNER

APPROVED BY EB/IFD/ODF:JABWINDER

TREAS:R.G.PELIKAN

EXIM:S.MINIKES

EB/IFD/ODF:R.SWART

CA/J:DLAMBERTSON (SUBS)

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P 122219Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

INFO USMISSION EC BRUSSELS PRIORITY

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E.O. 11652:

TAGS: EFIN

SUBJECT: GENTLEMEN'S AGREEMENT ON EXPORT CREDIT

1. PLEASE PASS TO GOJ OFFICIALS WHO WILL CONSULT WITH PELIKAN AND MINIKES FOLLOWING COMPROMISES TABLED BY U.S., ANY OF WHICH WOULD BE ACCEPTABLE TO U.S. IT IS OUR DESIRE THAT GOJ OFFICIALS HAVE THESE COMPROMISE PROPOSALS AT LEAST 2-3 DAYS PRIOR TO CONSULTATIONS IN ORDER TO FACILITATE A MEANINGFUL DISCUSSION. THESE PROPOSALS HAVE BEEN PRESENTED TO EC. THEIR INITIAL RESPONSE HAS BEEN GENERALLY FAVORABLE.

2. PROPOSAL I - ACCEPT THE GEBERTH COMPROMISE ON A 12

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PAGE 02 STATE 191010

MONTHS TRIAL BASIS. NOTE THE GEBERTH PROPOSAL PLACES

NO ABSOLUTE LIMITS ON MATURITIES PROVIDED THE NOTICE
AND CONSULTATION PROCEDURE IS USED.

3. PROPOSAL II - THE GEBERTH COMPROMISE AMENDED TO
PROVIDE FOR SOME DEFINITE LIMITATIONS IN A FEW
SPECIFIC SECTORS; FOR EXAMPLE THE U.S. COULD AGREE TO
TEN YEARS ON THERMAL POWER PROJECTS, 10 YEARS ON STEEL
PLANTS OF UNDER \$80 MILLION IMPORT COMPONENT AND 12
YEARS ON LARGER STEEL PLANTS.

4. PROPOSAL III - MATURITY LIMITATIONS: EXPORT CREDITS
BENEFITTING FROM OFFICIAL SUPPORT SHALL NOT NORMALLY

EXCEED:

(A) 5 YEARS FOR COUNTRIES WITH PER CAPITA GNP
EXCEEDING \$3,000;

(B) 8 AND ONE HALF YEARS FOR COUNTRIES WITH PER
CAPITA GNP BETWEEN \$1,000 AND \$3,000;

(C) 10 YEARS FOR COUNTRIES WITH PER CAPITA GNP LESS
THAN \$1,000.

HOWEVER, SUBJECT TO 7 DAYS ADVANCE NOTICE AND AN
ADDITIONAL 10 DAYS OPPORTUNITY FOR PRIOR
CONSULTATION, CREDITS MAY BE PROVIDED ON UP TO 10
YEARS MATURITY FOR PROJECTS OF LESS THAN \$80 MILLION
EXPORTS BY ONE COUNTRY AND UP TO 12 YEARS ON PROJECTS
WITH EXPORTS EXCEEDING \$80 MILLION BY ONE COUNTRY.

INTEREST RATES: THE INTEREST RATE TABLE IN THE
GEBERTH COMPROMISE AMENDED TO SUBSTITUTE 8 PERCENT
WHEREVER 7 3/4 PERCENT APPEARS AS APPLYING TO CREDITS
EXCEEDING 5 YEARS MATURITY AND TO SUBSTITUTE 7 3/4
PERCENT WHEREVER 7.5 PERCENT APPEARS AS APPLYING TO
CREDITS EXCEEDING 5 YEARS MATURITY.

5. PROPOSAL IV - MATURITY LIMITATIONS: EXPORT CREDITS
BENEFITTING FROM OFFICIAL SUPPORT SHALL NOT NORMALLY
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PAGE 03 STATE 191010

EXCEED:

(A) 5 YEARS FOR COUNTRIES WITH PER CAPITA GNP
EXCEEDING \$3,000;

(B) 8 AND ONE HALF YEARS FOR COUNTRIES WITH PER
CAPITA GNP BETWEEN \$1,000 AND \$3,000;

(C) 10 YEARS FOR COUNTRIES WITH PER CAPITA GNP LESS THAN \$1,000.

HOWEVER, SUBJECT TO 7 DAYS ADVANCE NOTICE AND AN ADDITIONAL 10 DAYS OPPORTUNITY FOR PRIOR CONSULTATION, MATURITIES MAY BE EXTENDED TO 10 YEARS ON PROJECTS WITH LESS THAN \$80 MILLION OF EXPORTS BY ONE COUNTRY, AND TO 12 YEARS ON PROJECTS WITH AN EXPORT VALUE BETWEEN \$80 AND \$200 MILLION.

ON PROJECTS OF \$200 MILLION OR MORE OF EXPORT VALUE THE PARTIES WOULD AGREE TO CONSULTATION IN ORDER TO ASSURE THAT NO PARTY'S OFFER IS DISADVANTAGED BECAUSE

OF COMPETITIVE ELEMENTS OFFERED BY ANOTHER PARTY; AND THERE IS REASONABLE ASSURANCE THE IMPORTER WOULD GO FORWARD WITH THE PROJECT CONCERNED ON THE BASIS OF THE TERMS BEING OFFERED BY THE PARTIES.

INTEREST RATES: AS SPECIFIED IN GEBERTH COMPROMISE.

6. IF JAPANESE GOVERNMENT FINDS WEEK OF AUGUST 18-22 INCONVENIENT FOR PELIKAN/MINIKES VISIT, WE SUGGEST SEPTEMBER 8-12 AS NEXT BEST ALTERNATIVE.

7. FOR EMBASSY BACKGROUND, GEBERTH PROPOSAL BEING FORWARDED SEPTTEL. KISSINGER

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